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IN THE

Supreme Court of the United States

October Term, 1969

No. 1423

KRYSTINEL CORPORATION,
Petitioner,

v.

INDIANA GENERAL CORPORATION,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

PETITIONER'S REPLY AND SUPPLEMENTAL BRIEF

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May 15, 1970

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Opinions Below

The opinion of the Court of Appeals is now officially reported at 421 F.2d 1023 (2nd Cir., 1970).

PETITIONER'S ARGUMENT IN REPLY

Indiana General's Misconduct Before the Patent Office was Proved

At page 4 of Indiana General's "BRIEF FOR RESPONDENT IN OPPOSITION" it is stated that four ultimate findings of fact of the District Court as to Indiana General's misconduct before the Patent Office (labeled by Indiana General as "contentions of Petitioner") were not proved. This is an untenable contention by Indiana General in the face of the fact that these four ultimate findings of misconduct form, in whole or in part, the very bases for four of the District Court's distinct conclusions of invalidity of the patent in suit. Compare these four express findings

of ultimate fact (labeled: "(1)", "(2)", "(3)" and "(4)" at page 64a, Appendix to Petition) with, respectively, the District Court's ultimate conclusions (labeled: "3.", "6.", "5." and "2." at page 52a of Appendix to Petition) as to invalidity of the patent in suit. Certainly, these ultimate findings of fact were proved to the satisfaction of the District Court and were affirmed by the Court of Appeals (Appendix to Petition, p. 72a). While Krystinel is certainly willing to substantiate the findings of the courts below if this Petition be granted, Krystinel is equally willing to stand on those ultimate findings and to present to this Court the purely legal question of the effect of those findings on the "exceptional case" test of 35 U.S.C. § 285.

The Authorities Cited by Indiana General Do Not Detract From The Importance of the Federal Question Here in Issue

At pages 2 and 3 of its "BRIEF FOR RESPONDENT IN OPPOSITION", Indiana General has cited decisions from the Second, Third, Fourth, Fifth, Sixth, Seventh and Ninth Circuits purportedly demonstrating that each of these circuits has adequately ruled on the federal policy question presented by this Petition and that, therefore, there is no need for this Court to rule on that question. What the cited cases, collectively, hold is that, in order for an award of attorney fees to lie, the case must be "exceptional". Not every successful defendant in a patent infringement case is entitled to attorney fees. *None of the cited cases, however, turn on less than candid conduct before the Patent Office.* They involve, instead, such factors as simple want of invention, title to patents, contract interpretation, diligence in prosecuting suits and the like. What the case at bar brings into sharp focus, relevant to the counsel fee statute (35 U.S.C. § 285) never before adjudicated by this Court, is the standard of conduct required of would-be patentees before the Patent Office and the relationship of such conduct to the statute.

PETITIONER'S SUPPLEMENTAL ARGUMENT

The Patentee's Misconduct Before the Patent Office May Taint the Resultant Patent in a Way Transcending the Attorney Fee Statute

On the very day that Krystinel's Petition herein was filed, the Court of Appeals for the Fifth Circuit decided a case which, while not involving relief under 35 U.S.C. § 285, bears distinctly on the important federal policy question of the standard of conduct before the Patent Office required of would-be patentees in order that such conduct will not taint a subsequent action brought on the resultant patent. The Fifth Circuit case, *Beckman Instruments, Inc.* v. *Chemtronics, Inc.* (5th Cir., 1970), reported unofficially at TRADE REG. REP. (1970 Trade Cas.) ¶ 73,138, is a patent infringement action wherein the defendant counterclaimed for treble damages under sections 1 and 2 of the Sherman Act relying on this Court's decision in *Walker Process Equip. Co.* v. *Food Mach. & Chem. Co.*, 382 U.S. 172 (1965). Finding the patent there in suit invalid for want of novelty over the prior art teaching of one Stow and for failure by the patentee to disclose to the Patent Office the patentee's knowledge of Stow's teaching, the Court of Appeals for the Fifth Circuit stated (*id.* at 88,463) that:

> "The second [reason for holding the patent invalid] is that, Beckman, in securing the patent, failed to fulfill the 'uncompromising duty' of disclosure of an applicant before the Patent Office, because Beckman, while possessed of information regarding Stow's invention and realizing its significance, omitted that information from its patent application. The social and economic implications of a decision upholding a patent such as this would extend far beyond determination of the rights of the parties to this case, and we think such a decision would adversely affect the operation of the patent system Congress intended to create—a patent

> system that should remain compatible, in so far as possible, with the goal of limiting monopoly to situations of probable public benefit." (Footnote citations omitted.)

The Fifth Circuit Court of Appeals remanded the case to the District Court for further proceedings on the antitrust counterclaim based, in part, on Beckman's misconduct before the Patent Office.

Thus, it is apparent that a patentee's breach of his duty of candor in his dealings with the Patent Office is a serious matter relevant to such important federal policy issues as patent validity, antitrust violations and, as the Petition herein urges, the right of a successful accused infringer to attorney fees under 35 U.S.C. § 285.

CONCLUSION

For the foregoing reasons as well as the reasons set forth in the Petition, a writ of certiorari should issue to the Court of Appeals for the Second Circuit.

Respectfully submitted,

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